

How Your Lincoln Learning Center (LLC) subsidy may impact your taxable wages

Under HonorHealth's fringe benefits, we offer a few different types of dependent care assistance benefits.

- Lincoln Learning Center Subsidy – a discounted rate you pay if your child is enrolled in our center. HonorHealth pays LLC the difference between the discounted rate and the full rate.
- Dependent Care Flexible Spending Account (FSA) – the ability to set aside up to \$5,000 in wages per year tax free to pay for dependent care expenses that will allow you to work.
- Bright Horizons Back-up Care – discounted rate when your child is ill and cannot attend normal day care arrangements, or when your normal daycare provider is unavailable.

If the combination of these dependent care assistance benefits exceeds \$5,000 in total value, then the amount exceeded will be included in wages subject to federal income tax (FIT), federal income tax withholding (FITW), federal insurance contributions act (FICA), and the federal unemployment tax act (FUTA).

For example, if you elect a dependent care FSA for \$5,000 in the calendar year, and HonorHealth provides you an LLC subsidy equal to \$3,000, then the amount in excess of the total \$5,000 benefit, or \$3,000, is treated as taxable wages subject to FIT, FITW, FICA and FUTA.

LLC will advise the benefits department of the total subsidy granted at the end of every calendar year, so that your taxes/withholding can be calculated and adjusted as necessary. If you exceed the \$5,000 dependent care benefit limit during the calendar year, it could result in an adjustment to your final paycheck of the year.

Please monitor the dependent care benefits you are receiving and plan appropriately for any possible withholding impact at year end. You can view your Dependent Care FSA YTD elections through Staff Member Self Service, your FSA deposits and transactions through AmeriBen at www.myameriben.com, and you can request your subsidy information from LLC at any time throughout the year.

For more information on the dependent care assistance programs, visit www.irs.gov and enter a search on Section 129 of the Internal Revenue Code (IRC).

If you have any questions, please consult your tax advisor.